

Emlyn Struthers

From: Urban Counties of California
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To: Emlyn Struthers
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Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Just over 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).

June 12, 2026

Legislature Reaches “Two-Party” Budget Agreement

Last night, the Assembly and Senate **announced** their agreement on a legislative budget package to ensure passage of a 2026-27 state budget by the constitutional deadline of June 15. **AB 109**, the 2026-27 Budget Bill, was in print Thursday evening at 10:59 a.m. and will be eligible for consideration by the Legislature on Monday, June 15.

The agreement reflects the Legislature's priorities to focus on softening the blow to safety net programs associated with H.R. 1 by reducing, delaying, or eliminating budget reductions, in addition to addressing the state's ongoing structural deficit.

According to the announcement, the Assembly and Senate plan assumes the Governor's revenue proposals for a large corporation tax credit limitation, digital software sales tax changes, and extending and

updating the Managed Care Organization (MCO) tax in light of new federal requirements. In addition, the agreement enacts the Fair Share from Big Corporations Act to set the stage to hold big corporations accountable for taxpayer subsidies. Under the proposal, the Administration will be required to present options to the Legislature for holding big corporations accountable for their employees' health care costs by April 1, 2027. The options will be considered next year and will require subsequent legislation for implementation.

Both the Governor's May Revision plan and the legislative plan are projected to be balanced in both 2026-27 and 2027-28 under their respective revenue estimates. The May Revision left a basic General Fund reserve (the Special Fund for Economic Uncertainties, or SFEU) balance of \$2.1 billion at the end of 2027-28. The legislative plan balances in 2027-28, but with a smaller SFEU balance of \$122 million.

Legislative leaders will now focus on negotiations for the final 2026-27 state budget plan with Governor Newsom over the next weeks. On or before June 25, the budget anticipates legislative passage of a housing bond and a rainy day fund constitutional change to submit to voters in November.

The Senate's [summary](#) of the legislative package, as well as the Assembly's [summary](#), is available online.

In this [linked table](#) we summarize – organized by policy area – significant actions in the Legislature's version of the budget.

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